

## Message Text

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PAGE 01 CARACA 06481 130632Z  
ACTION PM-05

INFO OCT-01 ARA-10 ISO-00 OMB-01 TRSE-00 SS-15 AID-05  
L-03 CIAE-00 INR-10 NSAE-00 EB-08 ACDA-12 /070 W  
-----120518 141219Z /46

R 122015Z JUL 78  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 2988  
INFO ISA/DSAA  
USCINCSO  
AFAFC LOWRY AFB CO

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E.O. 11652: N/A  
TAGS: MASS VE  
SUBJECT: INTEREST DUE ON DELINQUENT FMS DEBT

REFS: (A) STATE 169403, (B) AFAFC DENVER MSG DTG 302115Z APR 77

1. SUBSTANCE OF REFTELS IS NO GERMANE TO THE ISSUE INVOLVED IN THIS CASE. NEITHER THE GOV NOR THIS EMBASSY HAS ANY QUARREL WITH REQUIRMENT OF HOST GOVERNMENT TO PAY INTEREST ON CONTRACTED DEBT AFTER ISSUANCE OF NEW LANGUAGE NOW CONTAINED IN LOAS. HOWEVER, AS NOTED IN CARACAS 3872, GOV HAS INFORMED US IN CATEGORICAL TERMS THAT INTEREST ON DEBTS INCURRED PRIOR TO USE OF NEW LANGUAGE IN LOAS IS COMPLETELY UNACCEPTABLE, BOTH LEGALLY AND MORALLY AND THAT GOV WILL NOT PAY SUCH INTERST.

2. WHAT IS GERMANE IS THAT NOTHING IN REF B CONTAINED ANY INFORMATION TO THE EFFECT THAT HOST GOVERNMENTS WOULD BE REQUIRED TO PAY ARREARAGES ON BILLS RETROACTIVELY. SECOND. UNLESS SPECIFIC LANGUAGE OF APRIL '77 SAAC DENVER LETTER TO VENEZUELAN NAVAL, MILITARY AND AIR ATTACHES CONTAINED SUCH LANGUAGE, THE USG HAS SLIM GROUNDS FOR APPROACHING  
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GOV AGAIN TO REQUEST IT PAY INTEREST ON DEBTS CONTRACTED THROUGH SIGNATURE OF OLD FORM DD 1513 WHICH CONTAINED NO MENTION WHATSOEVER OF SUCH OBLIGATIONS. SIMPLE ASSERTION (PARA 1 OF REF A) "THIS LANGUAGE CONSTITUTES A CONTRACTUAL OBLIGATION OF THE PURCHASER TO PAY INTEREST ON ARREARAGES ARISING UNDER PREVIOUS LOAS, EVEN IF SUCH LOAS DID NOT OF AND IN THEMSELVES EMBODY SUCH A COMMITMENT"

WILL NOT BE PERSUASIVE TO GOV ESPECIALLY AFTER IT HAS ALREADY  
EXPRESSED ITS OPPOSITION IN WRITING.

3. EMBASSY SEES ABSOLUTELY NO FLEXIBILITY ON THE PART  
OF THE GOV IN THIS REGARD. IF REFTEL IS TAKEN AS A  
DEFINITIVE LEGAL PRESENTATION, IT WOULD APPEAR TO BE AN  
EFFORT TO APPLY OUR STRICTURES RETROACTIVELY, THE VERY  
THING THAT THE VENEZUELAN HAVE, IN FACT, ACCUSED US OF  
HAVING DONE IN THE PAST WHEN WE FIRST DUNNED THEM FOR  
FAILURE TO PAY.

4. ACCORDINGLY, AND IN LINE WITH REQUEST PARA 3 REFTEL A,  
EMBASSY ONCE AGAIN ASKS DEPARTMENT AND DOD TO CONSIDER  
CANCELLATION OF DEBT ARREARAGES INTEREST PAYMENT WHICH  
INVOLVES INTEREST THAT THE GOV WAS NEVER FORMALLY NOTIFIED  
THAT IT WOULD BE REQUIRED TO PAY AND WILL, IN FACT, NOT  
ACCEPT. ANY OTHER RECOURSE WILL ONLY EXACERBATE THIS  
IRRITANT, THEREBY CREATING AN UNNECESSARY POINT OF  
CONTENTION BETWEEN OUR TWO GOVERNMENTS.  
CROWLEY

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY SALES, DEBT INTEREST, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978CARACA06481  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780289-0093  
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**Message ID:** a9714977-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION PM  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 169403  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2042705  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INTEREST DUE ON DELINQUENT FMS DEBT  
**TAGS:** MASS, VE, US  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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US Department of State  
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